Joint Statement
Regional Recommendations
on Water Quality Trading

Prepared by:
The Willamette Partnership
The Freshwater Trust

Under the USDA Conservation Innovation Grant Award

Disclaimer: This statement does not create agency guidance, policy, rule, or regulation. Any update to an individual state's trading program will be made according to all applicable procedures for public participation and input. The states' participation in these discussions may serve as a common reference point in each agency's toolbox as they endeavor to improve their CWA programs.

Joint Statement

In November of 2012, the Idaho Department of Environmental Quality, the Oregon Department of Environmental Quality, the Washington Department of Ecology, and the U.S. Environmental Protection Agency (EPA) Region 10,[1] began working together to define what they consider the best practices to implement water quality trading in the Pacific Northwest. The final product is intended to be a set of recommended practices for each state to consider as they develop their water quality trading programs.

Commented [SC1]: There is a lot of mystery and suspicion about this project by those not participating in the workgroup, and particularly about its objectives and final product. Those should be addressed as specifically as possible early on and throughout this document.

The goals of this effort are to help ensure that water quality trading programs have the quality, credibility, and transparency necessary to be consistent with the Clean Water Act (CWA), and that all trades achieve water quality improvements. By identifying the critical components of water quality trading programs and discussing several approaches to achieve those components, this effort may also serve to increase the confidence of participants and observers that trades will produce their intended water quality benefits and comply with applicable CWA regulations. The effort began in response to the growing interest in trading in the region as well as the wide diversity of proposed approaches. The participating agencies were interested in comparing and contrasting approaches across the region in order to inform their own approaches to trading and to identify some common principles and practices to guide consistent approaches to trading in the region. In particular, the discussions focused on how trading can help point sources meet their permit effluent limits in a way that provides greater environmental benefits.

In March 2013, water quality agency staff from Idaho, Oregon and Washington, the U.S. EPA Region 10 office, Willamette Partnership, and The Freshwater Trust convened a Joint Regional Statement working group for the first of a series of four interagency workshops on water quality trading in the Pacific Northwest. Facilitated by Willamette Partnership, those who assembled over the subsequent eight months discussed and evaluated water quality trading policies, practices, and programs across the country in an effort to better understand and draw from EPA's January 13, 2003, Water Quality Trading Policy,[2] and its 2007 Permit Writers' Toolkit,[3] as well as the existing states' guidance and regulations on water quality trading. All documents presented at those conversations and summaries are posted on the Willamette Partnership's website.

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The states and EPA Region 10 discussed a range of issues relevant to water quality trading, including: guiding principles for trading programs, who is eligible to buy and sell credits, how to define baseline and other pre-conditions for generating credits, processes for quantifying water quality benefits, trading ratios and managing risk, unique characteristics of credits, quality standards for credit-generating projects, procedures to verify that projects are performing as promised, tracking and reporting credits and trades, determining compliance and enforcement, roles and responsibilities in administering a program, and adaptively improving a trading program over time.

[1] EPA Region 10 is a "technical advisor" in this process, not a participant.
[2] EPA, Water Quality Trading Policy, 68 Fed. Reg. 1608, 1612 (Jan. 13, 2003), *available at* http://water.epa.gov/type/watersheds/trading/finalpolicy2003.cfm.
[3] *See* EPA, EPA 833-R-07-004, *Water Quality Trading Toolkit for Permit Writers,* 30-31 (August 2007, updated June 2009), *available at* http://www.epa.gov/npdes/pubs/wqtradingtoolkit_fundamentals.pdf.

In addition, the group believed some basic observations about the suitable role for water quality trading should be kept in mind. When designed well and combined with other tools, trading programs may help achieve water quality goals in a way that is beneficial for the environment, landowners, and communities. Trading may not be appropriate for many water quality challenges, and its efficacy must be evaluated before assuming it can be useful in a particular watershed. In many cases, trading may help achieve environmental goals with predictable and reasonable transaction costs. Trading must be consistent with the CWA and avoid any localized water quality problems. Trading should be based in sound science and provide sufficient accountability that promised water quality benefits are delivered.

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These conversations generated a deeper understanding of water quality trading policy objectives and set of guiding principles that states may consider in the development of future trading programs. Where these discussions led to the recognition of common preferences for how trading ~~works~~should operate, those components have been documented as draft recommendations to be considered in ~~future trading development.~~a state's development of its trading program in the future.

Beginning in 2014, the participating states have committed to testing these recommendations, methods, and guidelines through pilot projects. The states and EPA will reconvene in November to discuss their pilot experiences and, if needed, to refine their thinking on the guiding principles and draft best recommendations for water quality trading.

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Idaho Department of Environmental Quality: By: _____

Date: _____

Oregon Department of Environmental Quality: By: _____

Date: _____

Washington Department of Ecology: By: _____

Date: _____